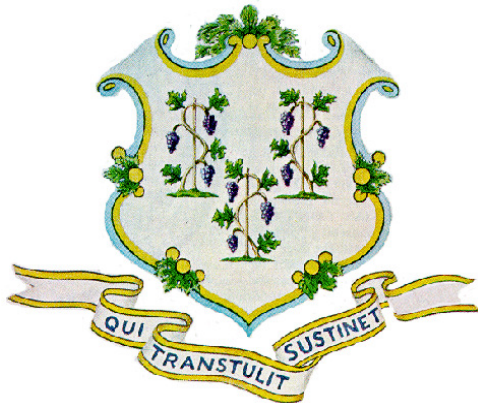


State of Connecticut

Governor Dannel P. Malloy

Department of Economic and Community Development

Commissioner Catherine H. Smith



Financial Assistance Proposal

For

[The Town/City of]

[Month Year]



Department of Economic and
Community Development



Catherine H. Smith
Commissioner

[Month Date, Year]

[Mr./Ms.]

[Title]

[Municipality]

[Address]

[Town, State Zip Code]

Dear [Mr./Ms.]:

The Department of Economic and Community Development is pleased to submit a proposal for assistance in support of the [Applicant's] plans to []. The following pages contain a project description and supporting details of a financial assistance package developed jointly between your staff and ours.

This proposal represents Governor Malloy's continuing commitment to support organizations such as yours and we are pleased to have an opportunity to work with you on this project. The success of your project is important to us.

Our staff will continue to be available to you and your staff throughout the duration of the project. If you have any questions concerning this proposal please contact [], your Project Manager, at 860.270.[].

Sincerely,

[Catherine H. Smith or Tim Sullivan]
[Commissioner or Deputy Commissioner]

Agreed and Accepted By:

[Applicant Name]

Name

Title

Date

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BACKGROUND

Applicant Description:

Project Description:

SOURCE AND USE OF FUNDS

Sources of Funds

[Applicant Funds]	\$[]
[Bank Financing]	[]
Municipality	[]
DECD – [UA / Special Act]	[]
Other – []	[]
Total	\$ []

Use of Funds

Administration	\$[]
Engineering	[]
Construction	[]
Contingency	[]
Total	\$ []

** The figures above may be amended from time to time through requests for revisions to the Project Financing Plan and Budget, as approved by the Department of Economic and Community Development.*

FINANCIAL ASSISTANCE PROPOSAL

This financial assistance proposal is based upon the commitment of [Applicant] (hereafter, the "Applicant"), to implement the project as described herein. The State of Connecticut, acting through the Department of Economic and Community Development (hereafter, "DECD") and under the provisions of the [C.G.S. Sec. 4-66c (for Urban Act) or Other] proposes a financial assistance package consisting of a [grant] in the total amount of \$[]. DECD financial assistance shall not exceed [\$] or X percent (X%) of the total project cost as described in this proposal and as set forth in the most recently approved Project Financing Plan and Budget. The components of this financial assistance are outlined below:

Applicant: [Insert Name]

DECD Financing: \$[] [Grant]

Amount and Use of DECD Funds:

\$[] Administration
[] Engineering
[] Construction
<u>[] Contingency</u>
\$[] TOTAL

CONNECTICUT RESIDENCY REQUIREMENT

The Applicant shall not relocate any of its [insert particular nature of what is not to relocate, i.e., existing, specific location (e.g., New Haven, Bridgeport)] operations outside of the State for ten (10) years after the date upon which the agreement is fully executed or during the term of a loan or loan guarantee, whichever is longer. If the Applicant relocates within the State during the ten (10) year period, it shall offer employment at the new location to its employees from the original location if such employment is available.

If the Applicant, or its successors or assigns relocates any of their applicable operations outside of Connecticut during the non-relocation period the full amount of the financial assistance received from the State, shall become immediately due and payable, plus a one-time interest rate charge of 7.5% on the original amount of the financial assistance provided.

The Applicant shall provide written notification to the Commissioner of DECD of its proposed relocation prior to any public announcement.

PROPERTY RESTRICTIONS

As a requirement of State funding, the Applicant is shall provide collateral that has equity equal to at least 125% of the DECD financing or an amount not less than \$(insert amount). In the event that that the financing is pre-paid at any time, the Applicant will be required to maintain a security value equal or greater than any potential residency clause penalties. All legal matters in connection with the State financial assistance and any required security thereof shall be acceptable to DECD and its legal counsel.

Blanket Lien

The Applicant shall provide a [Insert position of lien, i.e. first, second] position blanket lien on all business assets. An appraisal showing the Orderly Liquidation Value or Auction Value as determined by an independent licensed appraiser will need to be provided to DECD in advance of a closing. (If behind other lenders, include who they are and what amounts).

Machinery & Equipment

The Applicant shall provide a [Insert position of lien, e.g. first, second] position lien on machinery and equipment as described in Exhibit 1 (to be provided by the Applicant prior to closing). An appraisal showing the Orderly Liquidation Value or Auction Value as determined by an independent licensed appraiser will need to be provided to DECD in advance of a closing. (If behind other lenders, include who they are and what amounts).

Land & Building

The Applicant shall provide a [Insert position of lien, e.g. first, second] position mortgage on the land and building located at [Address]. A fair market value appraisal, conducted by a licensed independent appraiser, shall be provided prior to closing. (If behind other lenders, include who they are and what amounts. Also consult OPM's latest guidelines

about their requirements associated with State funds being used for real property acquisition).

Applicant shall provide to DECD copies of any and all environmental site assessment reports that have been obtained about the Mortgaged Property, if applicable. The Applicant shall also provide satisfactory evidence to the DECD, that all required remediation work on the Mortgaged Property has been properly completed, if applicable.

An environmental indemnification agreement executed by the Applicant in favor of the DECD shall be required, if applicable.

Negative Pledge

The Applicant agrees that it will execute a Negative Pledge and Agreement (“Negative Pledge”) in a form acceptable to the Commissioner, which Negative Pledge shall provide that the Applicant shall not sell, lease, transfer, assign, or in any way encumber or otherwise dispose of the Applicant’s property, located at [ADDRESS], in whole or in part, without first obtaining the written consent of the Commissioner. The Negative Pledge shall be recorded on the land records of the [MUNICIPALITY].

Use Restriction

The Applicant covenants and agrees that the Applicant’s property, located at [ADDRESS], shall be used as [ACTIVITY/USE] for [TERM]. Applicant agrees that it shall execute a Declaration of Restrictive Covenant (“the Covenant”) in a form acceptable to the Commissioner, which shall be filed on the land records of the [MUNICIPALITY]. The Covenant shall be enforceable by the State and shall provide that any conveyance of Applicant’s property shall be subject to the terms of the Covenant.

ENVIRONMENTAL COMPLIANCE

Connecticut Environmental Policy Act

Disbursement of state funds may be subject to the completion of the appropriate Connecticut Environmental Policy Act (“CEPA”) review of project activities. If project analysis and review under the provisions of CEPA is necessary, then DECD will contract a professional engineering/planning firm experienced in preparing CEPA documents, using funds appropriated to the project. Said firm shall work at the direction of the DECD in assessing the project activities in accordance with CEPA (C.G.S. Sec. 22a-1 and R.C.S.A. Sec. 22a-1a-1 to 22a-1a-12).

Environmental Condition of the Real Property

As determined by DECD, the environmental site assessments, survey, reports and remedial action plans will be prepared for real property subject to project activities. A professional firm licensed to practice in the State of Connecticut shall prepare the reports. The scope of investigations and report shall conform to the applicable Department of Environmental Protection laws and regulations, and the applicable American Standards for Testing Materials document standards. Copies of all reports shall be made available to DECD.

If the Applicant and/or other parties for the subject properties within the project area have conducted Environmental Site Assessments, copies of such documents must be submitted to DECD.

CONSTRUCTION COMPLIANCE

The DECD requires submission of project design documents, specifications, construction bid documents and cost estimates and other documents outlined in Schedule A. All submissions are subject to review, comment, and/or approval by the DECD's Office of Financial Review and Special Projects and/or the DECD Commissioner. Unless notified by DECD, for projects with a total project cost of \$250,000 or less, the grantee will be required to certify that the project is in compliance with DECD design, bidding, contracting and construction monitoring requirements. In these cases, it will be the responsibility of the grantee to certify and submit the appropriate documentation during the pre-bid phase, construction phase and close-out phase of the project.

The Applicant shall submit for review and comment the following construction-related documents which need to comply with DECD design, bidding, contracting and construction monitoring Requirements: a) bid package(s) including procedures for bidding; b) bid selection process and results; c) bonding and insurance requirements; d) copies of contracts; e) schedule of values; f) payment requisitions and change orders.

DECD requirements for approval of the release of funds for construction include review of construction documents, latest updated budget, submittal of bidding process, project schedule and cash flow updates, monthly reports, and any appropriate back up materials as may be needed for review such as application and certificate of payment (AIA Document G702) approved by the architect and/or engineer, appropriate invoices, etc.

ADMINISTRATIVE AND PROJECT MONITORING PLAN

The Applicant shall be required to submit to the DECD a project administration plan, acceptable to the DECD, that describes how they will document and monitor the financial and construction oversight of the State funds as required by the Assistance Agreement and as approved in the DECD's Project Financing Plan and Budget. The purpose of the plan is to assure the completion of the project within the approved Financing Plan and Budget and the appropriate use of State funds. The plan should address how State funds will be disbursed in conjunction and in accordance with all contractual agreements. The plan should include the process that they will undertake to approve payment requisitions and project construction change orders.

EMPLOYMENT

Department of Labor Employment

Number Access Agreement:

The Applicant agrees that the DECD may obtain directly from the Connecticut Department of Labor and disclose, as part of its reporting requirements to the Connecticut State Legislature and Auditors of Public Accounts, information pertaining to employment levels at your operation. It is acknowledged and agreed that the information so obtained

and disclosed may include employer name, address, and number of employees, by facility location, for the purpose of fulfilling DECD's reporting requirements in accordance with Connecticut General Statute 32-1m, as may be amended or modified. In addition, this employment information may be utilized for purposes of performing employment reviews and research related activities conducted by DECD.

The Applicant also agrees that it will complete DECD's an annual job survey that is needed to assist in the completion of DECD's annual jobs report as required under Connecticut General Statute 32-1m, as may be amended or modified.

The Authorization Form has been attached as Schedule B.

INSURANCE

The Applicant shall maintain all required insurance in amounts, form, substance, and quality acceptable to DECD, as described more fully in Schedule C, attached to this proposal. A certificate evidencing such insurance shall be delivered to the Commissioner at the time of execution of the Assistance Agreement, and annually thereafter for the duration of the Project Financing Plan and Budget. Annual submissions should be sent to DECD, Attn: Office of Financial Review and Special Projects, 505 Hudson Street, Hartford, CT 06106.

REPORTING

Project Audit

Each Applicant subject to a federal and/or state single audit must have an audit of its accounts performed annually (see Schedule B). The audit shall be in accordance with the DECD Audit Guide (located at <http://www.ct.gov/ecd/cwp/view.asp?a=1096&q=249676>) and the requirements established by federal law and state statute. All Applicants not subject to a federal and/or state single audit shall be subject to a Project-specific audit of its accounts within ninety (90) days of the completion of the Project or at such times as required by the Commissioner. Such audit shall be in accordance with the DECD Audit Guide. An independent public accountant as defined by generally accepted government-auditing standards (GAGAS) shall conduct the audits. At the discretion and with the approval of the Commissioner, examiners from the Department of Economic and Community Development may conduct Project-specific audits.

The completion of the project will be determined by the end date of the most recently approved Project Financing Plan and Budget.

Project Financial Statements

The Applicant shall provide a cumulative Statement of Program Cost and a Detailed Schedule of Expenditures to the Commissioner in the approved DECD project statement format as outlined in the most current Accounting Manual located at <http://www.ct.gov/ecd/cwp/view.asp?a=1096&q=249670>. This information will be required to be provided within ninety (90) days after the expiration date of the Project Financing Plan and Budget or earlier as determined by the Commissioner. Further

information, such as supporting documentation (i.e. copies of invoices, cancelled checks, contracts etc.) for the expenditures charged may be requested from the applicant, as necessary.

Fund Raising (include if applicable)

Prior to contract closing, the Applicant is required to submit a fund-raising plan in connection with this project. No funds will be released until the plan has been accepted by the DECD.

Project Progress Reporting [include if applicable]

The Applicant shall submit quarterly project milestone and progress reports acceptable to the DECD. These reports shall delineate progress in the area of fundraising as well as construction of the project. The reports will be due [DATE] and will be required to be provided until the expiration of the Project Financing Plan and Budget.

REQUIRED DOCUMENTS

The Applicant must provide the following required documents prior to contract closing. No financial assistance agreements will be signed by DECD until all required documents have been received, which include the following: [List documents that you want or are required before the closing, including construction related documents]

- Environmental reports
- Appraisals
- Good Standing Letters from the Department of Labor, Revenue Services and Secretary of the State

PROJECT START/END DATE

For purposes of this proposal this project will have a start date of [Date], and any eligible Applicant project expenditures after that date will be permitted as part of the project. The end date of the project will be determined by the most recently approved Project Financing Plan and Budget.

EXPIRATION

The Applicant must accept this proposal no later than 30 calendar days after the date of proposal. In the event the DECD does not receive the acceptance of this proposal by the aforementioned date, the offer will be considered null and void and withdrawn.

INSTANCES OF DEFAULT

If funding for the project is approved, the Assistance Agreement between DECD and the Applicant may be subject, but not limited to the following default provisions: breach of agreement, misrepresentation, receivership or bankruptcy, condemnation or seizure, lack of adequate security, violation of terms in other project documents. In addition to repayment in full of the funding, DECD's remedies may include, but not be limited to, the ability to collect an additional 5% in liquidated damages on the total amount of financial assistance, and to charge a 15% per annum rate of interest on financing provided.

CLOSING AND TRANSACTION COSTS

The Applicant shall be responsible for the payment of all necessary and appropriate costs associated with this transaction, whether or not a closing takes place, including but not limited to the State's attorneys fees and other such costs incurred by the State or associated with securing the State Financial Assistance. Such costs may also include reasonable attorney fees, appraisal costs, and other possible fees and costs related to the closing. No financing will be provided until the Applicant has paid DECD's legal fees.

LABOR COMPLIANCE

Nondiscrimination

The Applicant will comply with Connecticut General Statutes section 4a-60, as may be amended, which prohibits the Applicant from discriminating or permitting discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, mental disability, or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut.

The Applicant will comply with Connecticut General Statutes section 4a-60a, as may be amended, which prohibits the Applicant from discriminating or permitting discrimination against any person or group of persons on the grounds of sexual orientation.

Affirmative Action

The Applicant will comply with Connecticut General Statutes Section 4a-60, which prohibits the Applicant from engaging in or permitting discrimination in the performance of the work involved as well as requires that the company take affirmative action to ensure that all job applicants with job related qualifications are employed and that employees are, when employed, treated in a nondiscriminatory manner.

Executive Order Number Three

The Applicant will comply with Executive Order Number Three, which gives the State Labor Commissioner continuing jurisdiction over Agreement performance in regard to nondiscrimination. It empowers the State Labor Commissioner to cancel, terminate or suspend the Assistance Agreement for violation of or noncompliance with the order or any state or federal law concerning nondiscrimination.
<http://www.cslib.org/exeorder3.htm>

Executive Order Number Sixteen

The Applicant will comply with Executive Order Number Sixteen, of Governor John G. Rowland promulgated August 4, 1999, regarding Violence in the Workplace Prevention. The Assistance Agreement may be cancelled, terminated or suspended by the State for violation or noncompliance with said Executive Order No. Sixteen.
<http://www.ct.gov/governorrowland/cwp/view.asp?A=1328&Q=255942&pp=12&n=1>

Executive Order Number Seventeen

The Applicant will comply with Executive Order Number Seventeen, which gives the State Labor Commissioner and DECD joint and several jurisdiction in respect to Agreement performance in regard to listing all employment openings with the Connecticut Employment Service. <http://www.cslib.org/exeorder17.htm>

WITHDRAWAL OF FINANCIAL ASSISTANCE PROPOSAL

Notwithstanding any other provisions of this proposal, the State, in its discretion, may elect to withdraw this proposal and withhold payment of funds if:

- The Applicant shall have made to the State any material misrepresentation in the project data supporting the funding request, in the application or any supplement thereto or amendment thereof, or thereafter in the agreement, or with respect to any document furnished in connection with the project; or
- The Applicant shall have abandoned or terminated the project, or made or sustained any material adverse change in its financial stability and structure, or shall have otherwise breached any condition or covenant, material or not, in this proposal and/or thereafter in the agreement.

ADDITIONAL TERMS AND CONDITIONS

The Applicant acknowledges that the obligation of DECD to provide the financial assistance set forth herein is subject to the normal State approval process, including but not limited to approval by the State Bond Commission, and may be subject to review and approval of any documentation by the Attorney General as to form and substance.

The State financial assistance will be subject to the standard terms and conditions established by DECD for financial assistance under the [Economic Development and Manufacturing Assistance Act, Chapter 5881 or Sec. 4-66c or OTHER] of the Connecticut General Statutes. The Applicant will enter into an Assistance Agreement with the State of Connecticut, acting through DECD, which will contain but not be limited to provisions of this proposal, and set forth the terms and conditions of the state financial assistance, and will execute and/or deliver such other documents, agreements, and instruments as DECD may require in connection with the State financial assistance or any required security.

This proposal is not a contract by the State of Connecticut or the Applicant. The State shall not be bound until a contract has all approvals required by law, and is executed in accordance with all applicable State procedures.

DECD CONTACTS

Project Manager: Your Project manager is responsible for coordinating all aspects of your project as it moves forward. Please consider the development manager as your main point of contact throughout the life of your project.

Contact: [Project Manager]

Phone #: [Insert #]

Director: Your Director is also available to you at any time for issues pertaining to all aspects of your project.

Contact: Nelson Tereso

Phone #: 860.270.8213

CLIENT OBLIGATION CHECKLIST

The following is a brief outline of the documents that will be required to be provided by the municipality over the life of the agreement. This is not an attempt to define all of the terms and conditions as outlined in this proposal, but to provide a snapshot of the requirements.

General Requirement	Comment	Y E A R S										Status
		1	2	3	4	5	6	7	8	9	10	
State Single Audit (if applicable for non-profits/municipalities) – See Schedule D	Due within 180 days of FYE until all project funds are expended	X	X	X								
Project Audit (includes non-profits if they don't qualify for state single audit)	Due within 90 days after budget expiration	X	X	X								
Unaudited balance sheet and Cumulative Statement of Program costs	Due within ninety (90) days after the expiration date of the Project Budget	X	X	X								
Special Reports	Due every xx											
Insurance Certificate	Due prior to expiration	X	X	X								

[Add or remove additional requirements as needed.]

Applicant Initials

Date

NEXT STEPS

The enclosed documents, accompanying this financial assistance proposal, must be completed and returned to DECD within thirty (30) calendar days of acceptance of this assistance proposal.

- * Application
- * Project Financing Plan and Budget
- * Corporate Resolution
- * Nondiscrimination Certification

Please return the signed acceptance letter and initialed Client Obligation Checklist to:

Department of Economic and Community Development
Office of Capital Projects
505 Hudson Street
Hartford, CT 06106

Attn: ([**Project Manager**]
3rd Floor)

SCHEDULE A

Schedule of Submissions and Approvals required for State Assistance

The DECD will require the Applicant to provide certain documents prior to the start of construction and through the completion of the project. In addition, DECD will require certain reviews and opportunities for comment during design and construction, through the completion of the project. The following outlines some of these documents and some of the anticipated DECD approvals:

Submissions to DECD – Start of Project to Construction Completion:

- Schematic Design Plans
- Consultant Contracts
- Consultant Engineering Reports (including civil/site, environmental, geotechnical, and structural).
- CGS 25-68(d) Floodplain Certification Submission (if applicable)
- Appraisal Reports
- Historic and Archeological Surveys, Reports, and Mitigation Deliverables (if applicable)
- Affirmative Action Compliance Reports
- Applicant Bylaws
- Applicant Conflict of Interest Policy
- Cumulative Statement of Program Cost and Project Balance Sheet
- Applicant Single Audit Act Reports
- Third Party Special Inspection Reports
- Monthly Progress Reports by Applicant (format to be approved by DECD)
- Meeting Minutes and Correspondence (between owner, architect, and/or contractor)

DECD Site Development Involvement: DECD requires on and off-site project access on regular basis for review of design and construction developments.

Submissions to DECD Upon Completion of Construction:

- Annual Audit & Management Reports
- Cumulative Statement of Project Cost and Project Balance Sheet
- Certificate of Occupancy (where applicable)
- Record documents (As Builts)
- Certificate of Substantial Completion (AIA form G704)
- Contractor's Affidavit of Payment of Debts and Claims (AIA form G706)
- Contractor's Affidavit of Release of Liens (AIA form G706A)
- Subcontractors and Suppliers Release or Waiver of Liens
- Consent of Surety Company to Final Payment (AIA G707)
- Consent of Surety to a Reduction in or Partial Release of Retainage at 50% project completion, if applicable: (AIA form G707A) Requires DECD concurrence.
- Final Application and Certificate for Payment (AIA form G702, and continuation sheet G703)

If the contractor has provided Contractor's Affidavit of Release of Liens (AIA form G706A) and lien waivers from major subcontractors and suppliers, a contractor may request the balance of retainage. If these documents are not provided, retainage cannot be paid until 91 days after the date on the Certificate of Substantial Completion.

SCHEDULE B

AUTHORIZATION FOR THE RELEASE OF APPLICANT INFORMATION

I, _____, agree that the Connecticut Department Labor may disclose information pertaining to _____(the Applicant), such as employer name, address, and number of employees, by facility location, to the Connecticut Department of Economic and Community Development (DECD). This authorization pertains to the following locations and their related Unemployment Insurance Number (UI #). Attach additional sheets, if necessary:

Company Name

Location

UI #

I further agree that DECD may, in turn, disclose such information to the Connecticut General Assembly and Auditors of Public Accounts as part of its reporting requirements pursuant to Connecticut General Statute 32-1m, as may be amended or modified. In addition, I understand that this information may be utilized for purposes of performing employment reviews and research related activities conducted by DECD.

I understand that this authorization may be revoked at any time, except to the extent that action has already been taken in reliance on it. However, I understand that revocation of this authorization may result in default under my financial assistance contract with DECD. This authorization will expire upon the Applicant fulfillment of its contractual obligations with DECD and DECD's fulfillment of its reporting requirements pursuant to Connecticut General Statute 32-1m, as may be amended or modified.

Name (Print or Type)

Title

Signature

Date

SCHEDULE C

Insurance Requirements

(A) Applicant shall procure and maintain for the duration of the Project Financing Plan and Budget (as specified within the proposal) the following types of insurance, in amounts no less than the stated limits, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder; provided however, that if this project is (i) financial assistance of less than \$100,000, (ii) a planning grant, or (iii) a predevelopment loan, only items 1 and 2 as set forth herein shall apply:

- 1) Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall include Premises and Operation, Independent Contractors, Product and Completed Operations and Contractual Liability. If a general aggregate is used, the general aggregate limit shall apply separately to the Agreement or the general aggregate limit shall be twice the occurrence limit.
- 2) Workers' Compensation and Employer's Liability: Statutory coverage in compliance with compensation laws of the State of Connecticut. Coverage shall include Employer's Liability with a minimum limit of \$100,000 each accident, and \$500,000 Disease – Policy limit, \$100,000 each employee.
- 3) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury. Coverage extends to owned, hired and non-owned automobiles. If the vendor/contractor does not own an automobile, but one is used in the execution of the contract, then only hired and non-owned coverage is required. If a vehicle is not used in the execution of the contract then automobile coverage is not required.
- 4) Directors and Officers Liability: \$1,000,000 per occurrence limit of liability; provided, however, that Directors and Officers Liability insurance shall not be required for limited liability corporations or limited partnerships.
- 5) Comprehensive Crime Insurance: \$100,000 limit for each of the following coverages: Employee Dishonesty (Form O), Forgery/Alteration (Form B), and money and securities coverage for theft, burglary, robbery, disappearance, and destruction.
- 6) Builders Risk: (Construction Phase) With respect to any work involving the construction of real property during the construction project, if DECD is taking a collateral position in the property, the Applicant shall maintain Builder's Risk insurance providing coverage for the entire work at the project site. Coverage shall be on a Completed Value form basis in an amount equal to the projected value of the project. Applicant agrees to endorse the State of Connecticut as a Loss Payee.
- 7) Property Insurance: (Post Construction) If DECD is taking a collateral position in the property, the Applicant shall maintain insurance covering all risks of direct physical loss, damage or destruction to real and personal property and improvements and betterments

(including flood insurance if property is within a duly designated Flood Hazard Area as shown on Flood Insurance Rate Maps (FIRM) set forth by the Federal Emergency Management Agency (FEMA)) at 100% of Replacement Value for such real and personal property, improvements and betterments or the maximum amount available under the National Flood Insurance Program. The State of Connecticut shall be listed as a Loss Payee.

(B) Additional Insurance Provisions

1. The State of Connecticut Department of Economic and Community Development, its officials and employees shall be named as an Additional Insured on the Commercial General Liability policy. Additional Insured status is not required for items (A)2 through (A)7 above.
2. Described insurance shall be primary coverage and Applicant and Applicant's insurer shall have no right of subrogation recovery or subrogation against the State of Connecticut.
3. Applicant shall assume any and all deductibles in the described insurance policies.
4. Without limiting Applicant's obligation to procure and maintain insurance for the duration identified in (A) above, each insurance policy shall not be suspended, voided, cancelled or reduced except after thirty (30) days prior written notice by certified mail has been given to the State of Connecticut, with the exception that a ten (10) day prior written notice by certified mail for non-payment of premium is acceptable.
5. Each policy shall be issued by an Insurance Company licensed to do business by the Connecticut Department of Insurance and having a Best Rating of A-, VII, or equivalent or as otherwise approved by DECD.

SCHEDULE D

TO: Municipal or Nonprofit Agency Grantee – DECD Program

FROM: Donald Lapointe, Supervising Accountant
Office of Financial Review

SUBJECT: DECD and State Single Audit Submission Requirements

Pursuant to Sections 4-230 through 4-236, as amended, of the Connecticut General Statutes, each municipality, audited agency, tourism district and not-for-profit organization that expends state financial assistance equal to or in excess of three hundred thousand dollars in any fiscal year of such nonstate entity beginning on or after July 1, 2009, shall have a single audit made for such fiscal year in accordance with the provisions of the above-referenced General Statutes. If total state financial assistance expended for the fiscal year is for a single state program, a program-specific audit may be conducted in lieu of a single audit.

Copies of the state single audit report package must be filed with the state grantor agencies, the cognizant agency and pass-through agencies (if applicable). Submission of the report package must be made within 30 days of completion of the audit report, if possible, but no later than six months after the end of the audit period. For recipients with a June 30, 2005 fiscal year end, the filing deadline is December 31, 2005. Cognizant agencies must be notified of the Independent Auditor appointed to conduct the audit. Such notification must be made not later than thirty days before the end of the fiscal year of the entity to be audited.

The Office of Policy and Management is the cognizant agency for municipalities, tourism districts, other quasi-governmental entities and nonprofit organizations under the State Single Audit Act. The Dept. of Economic & Community Development is the cognizant agency for Housing Authorities. Your Cognizant Agency has the authority under C.G.S. Section 7-393 and State Single Audit Regulations to grant an extension for filing an audit report past the statutory deadline. In order for such an extension to be considered, an Audit Submission Extension Request Form must be submitted to the cognizant agency no later than 30 days prior to the required filing date. Both the independent auditor and the Chief executive officer of the audited entity must sign the request. If the reason for the extension relates to deficiencies in the entity's accounting system, a corrective action plan must accompany the request. The request may be faxed to the cognizant agency as indicated on the request form.

The following is a list of the required components of a complete audited financial report package that must be filed by the deadline with your cognizant agency, each State agency that provides funding to you, such as the Dept. of Economic & Community Development, and pass-through agencies (if applicable):

1. The Audit Report on the Financial Statements of the auditee
 2. State Single Audit Report or program-specific audit report (if applicable)
 3. Federal Single Audit Report (if applicable)
-

4. Municipal Audit Questionnaire (Municipalities & Audited Agencies)
5. Management Letter (if applicable)
6. Corrective Action Plan (if applicable)
7. Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The DECD requires that the DECD Audit Guide must be used in conjunction with a State Single Audit of DECD programs. The only additional requirements are that the DECD programs be tested for compliance with laws and regulations using the compliance supplements contained in Appendix A of this guide and that the financial statement format outlined in Exhibit 4-2 of the guide be followed. The DECD *Consolidated Audit Guide for DECD Programs* is available at the following Website: <http://www.ct.gov/ecd> under Miscellaneous Publications.

State Single Audit Regulation Sec. 4-236-28, states, “In cases of continued inability or unwillingness to have a proper audit conducted of a program in accordance with these regulations, **state agencies** shall consider appropriate sanctions concerning the program including but not limited to:

- (a) withholding a percentage of awards until the audit is completed satisfactorily;
- (b) withholding or disallowing overhead costs; or
- (c) suspending state awards until the audit is completed”.

Any nonstate entity, which fails to have the audit report filed on its behalf within six months after the end of its fiscal year or within the time granted by the cognizant agency, may be assessed a civil penalty of not less than \$1,000 but not more than \$10,000.

While these are strong measures and in most instances not needed, they define the measures that state agencies and OPM may take to ensure that those grantees receiving state financial assistance submit timely and appropriate audit reports.

In summary, as a grantee of a DECD program, please file the following documents as applicable with DECD and OPM by the dates indicated:

File the following with the state grantor agency – [DECD, Office of Financial Review and Special Projects, 505 Hudson Street, Hartford, CT 06106]:

- *Complete Audit Reporting Package if your entity is subject to filing a State Single Audit (must be submitted within 30 days of completion but no later than the filing period deadline),*
OR
- *State Single Audit Exemption Notification Form if your entity is exempt from filing a State Single Audit (submit as soon as possible after fiscal year end but no later than six months after your fiscal year end)*

File the following with your cognizant agency – [OPM, Intergovernmental Policy Division, Municipal Finance Services, 450 Capitol Avenue - MS-54MFS, Hartford, CT 06106]:

- *Auditor Notification Form* (submit no later than thirty days before the end of the fiscal year of the entity to be audited)
- *Extension Request For Filing Financial and State Single Audits* if the audit cannot be filed by the due date (*submit at least 30 days prior to the end of the six-month filing period*)
- *Complete Audit Reporting Package* if subject to filing State Single Audit (*submit within 30 days of completion but no later than the filing period deadline*),
- *State Single Audit Exemption Notification Form* (submit as soon as possible after fiscal year end if you determine that your organization was not subject to the State Single Audit Act but no later than six months after your fiscal year end)

If you have any questions please contact Steve Pons at (860) 270-8209.

Thank you for your attention to these matters.

Attachments:

- Extension Request for Filing Financial and State Single Audit Form
- Appointment of Auditor Notification Form
- State Single Audit Filing Exemption Notification Form

**EXTENSION REQUEST FOR FILING
FINANCIAL AND STATE SINGLE AUDITS**

Pursuant to C.G.S. 7-393 and/or S.S.A. Regulation 4-236-25, a _____ day extension
(Number of days)*
for filing the ____/____/____ Audited Financial Statements ____ State Single Audit ____ is
(Fiscal Year Ended) (Check applicable reports)
requested until ____/____/____ for _____
(New filing date) (Name of entity)

Entity Federal Employer Identification Number (FEIN): _____

Entity Address _____

Contact Person & Title _____

Telephone (____) _____ Facsimile (____) _____ Email _____

Special Reasons For the Request:

List State Agency(s) providing funds
(To be completed by entity receiving funds) _____

Requested by:
Independent Accountant or Accounting Firm _____

Address _____

_____ Zip _____

Telephone (____) _____ Facsimile (____) _____ Email _____

Independent Auditor's Signature Date Auditee CEO's Signature Date

Mail or Fax (860) 418-6493 To OPM at least 30 days prior to the end of the 6-month filing period.

FOR OPM ACTION ONLY

Extension Approved ____ **Denied** ____ **Date** ____/____/____ **For OPM** _____

Date Auditor Notified: ____/____/____ **Date State Agencies Notified:** ____/____/____

Comments _____

* Requests for extensions should not exceed 30 days per request.

<http://www.opm.state.ct.us/igp/services/Audits.htm>

APPOINTMENT OF AUDITOR NOTIFICATION

To: *Office of Policy and Management*
Intergovernmental Policy Division
Municipal Finance Services
450 Capitol Avenue – MS-54MFS
Hartford, Connecticut 06106-1308
Tel.(860) 418-6400 **Fax (860) 418-6493** E-Mail lori.stevenson@po.state.ct.us

From: Entity Name _____
Entity Address _____
_____ Zip _____
Federal Employer Identification Number (FEIN) _____
Chief Fiscal Officer (Municipal) _____
Executive Director (Nonprofit) _____
Telephone (with area code) _____ Facsimile _____
Internet E-Mail Address _____
Chair, Board of Directors (Nonprofit) _____
Telephone Number of Bd. Chairman _____

The following information is furnished in compliance with Connecticut General Statutes 7-396 and/or 4-232:

1. Independent Accountant or Accounting Firm Performing the Audit:

Name _____
Address _____
_____ Zip _____
State of CT Board of Accountancy CPA Firm Permit to Practice Number _____
Contact Person & Title _____
Telephone (with area code) _____ Facsimile _____
Internet E-mail Address _____

2. Fiscal Period(s) of Audit From _____ To _____, From _____ To _____

3. Appointment Date of Auditor _____

4. Name/Title of Appointing Authority _____

<http://www.opm.state.ct.us/igp/services/Audits.htm>

[ORGANIZATION'S LETTERHEAD]

STATE SINGLE AUDIT
FILING EXEMPTION NOTIFICATION

Date: _____

Lori Stevenson, Executive Secretary
Municipal Finance Services
Office of Policy and Management
450 Capitol Avenue MS#54MFS
Hartford, CT 06106-1308

Dear Ms. Stevenson,

This letter is to inform the Office of Policy and Management that for our fiscal year, which ended _____, the total expenditures of State financial assistance was less than \$300,000 for any fiscal year beginning on or after July 1, 2009. Total expenditures of State Financial Assistance for all programs was \$_____.

Based on the guidelines of C.G.S. 4-231(b), we are exempt from filing a State Single Audit for this fiscal period. If you have any questions please contact:

Contact Person: _____

Name of Nonprofit: _____

Address: _____

Zip _____

Telephone: (____) _____ Facsimile (____) _____ Email _____

Very truly yours,

Chief Executive Officer

Chief Financial Officer

cc: Donald Lapointe, Supervising Accountant
Office of Financial Review
Department of Economic and Community Development
505 Hudson Street
Hartford, CT 06106

This form may be returned to OPM by facsimile (860) 418-6493 and DECD by facsimile (860) 270-8200.
<http://www.opm.state.ct.us/igp/services/Audits.htm>